



2016 Budget

For the Fiscal Year
Beginning July 1, 2015

Annual Operating and Capital



Doris Devey, Mayor



City Council

**Prather Rollins, Post 1
Kathy Bookout, Post 2
Teresa Philyaw, Post 3
Derrick Battle, Post 4
Kathy Carter, Post 5**

Annual Operating and Capital Budget

(July 1, 2015 through June 30, 2016)

Unaudited



City of Hiram

217 Main Street
Hiram, Georgia 30141
Phone: (770) 943-3726
Fax: (770) 439-2372
www.cityofhiramga.gov

Mayor Doris Devey

Mayor Pro Tem Kathy Bookout

Post 2

Councilmember Prather Rollins

Post 1

Councilmember Teresa Philyaw

Post 3

Councilmember Derrick Battle

Post 4

Councilmember Kathy Carter

Post 5

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to City of Hiram, Georgia for its annual budget for the fiscal year beginning July 1, 2014. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

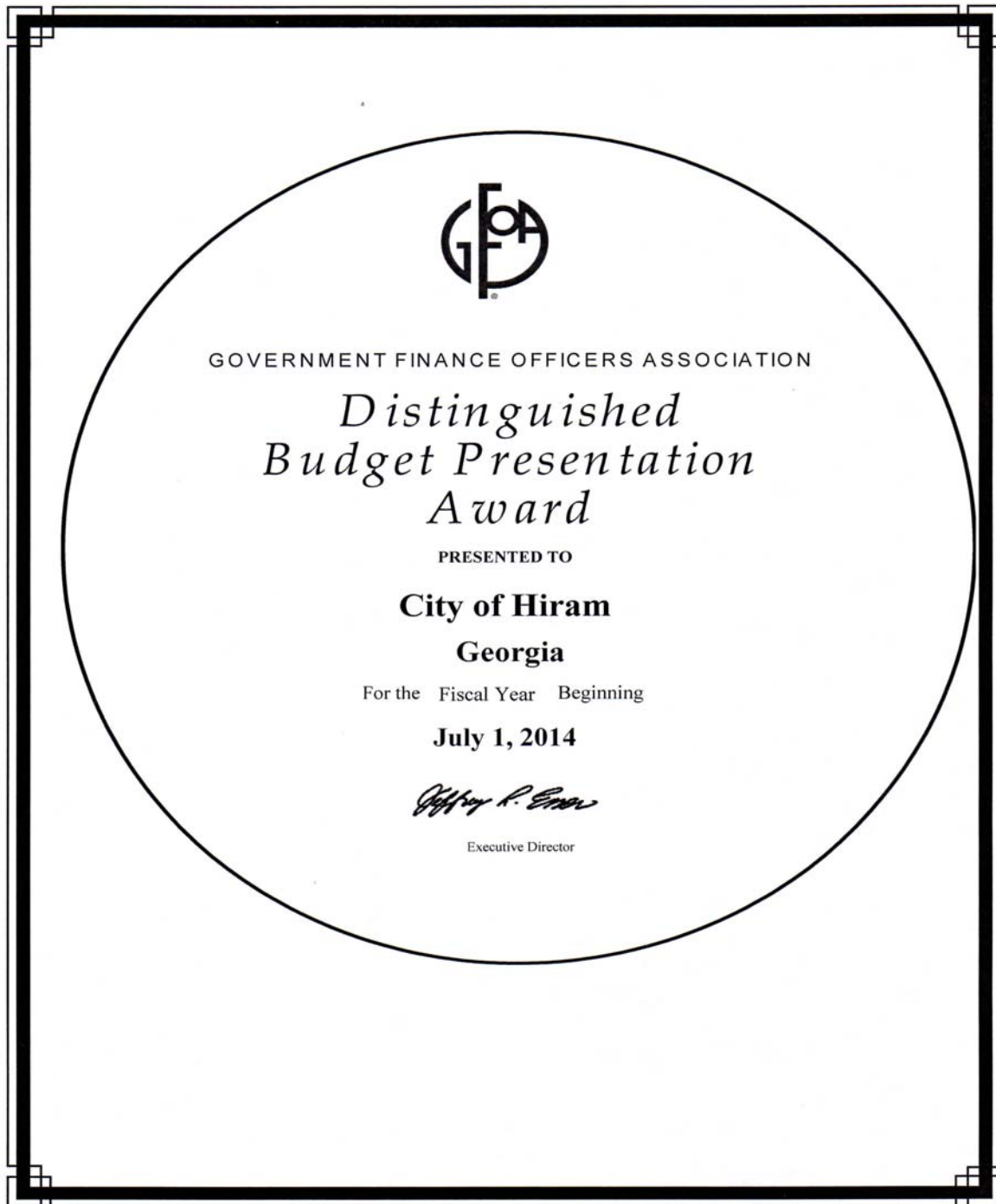




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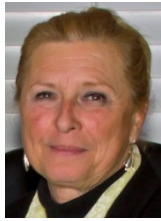
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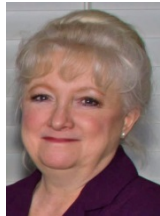


City of Hiram Annual Budget

For the Fiscal Year July 1, 2015 to June 30, 2016



Mayor
Doris Devey



Mayor Pro Tem
Kathy Bookout



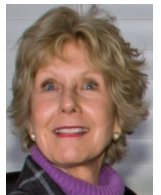
Councilmember
Kathy Bookout



Councilmember
Teresa Philyaw



Councilmember
Derrick Battle



Councilmember
Kathy Carter

C
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L



City Attorney
Kelly Hundley

M
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G
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City Manager
Robbie Rokovitz



City Clerk
Cynthia Geyer



Chief of Police
Todd VandeZande



Support Services Director
Jason James



Public Works Director
Jody Palmer

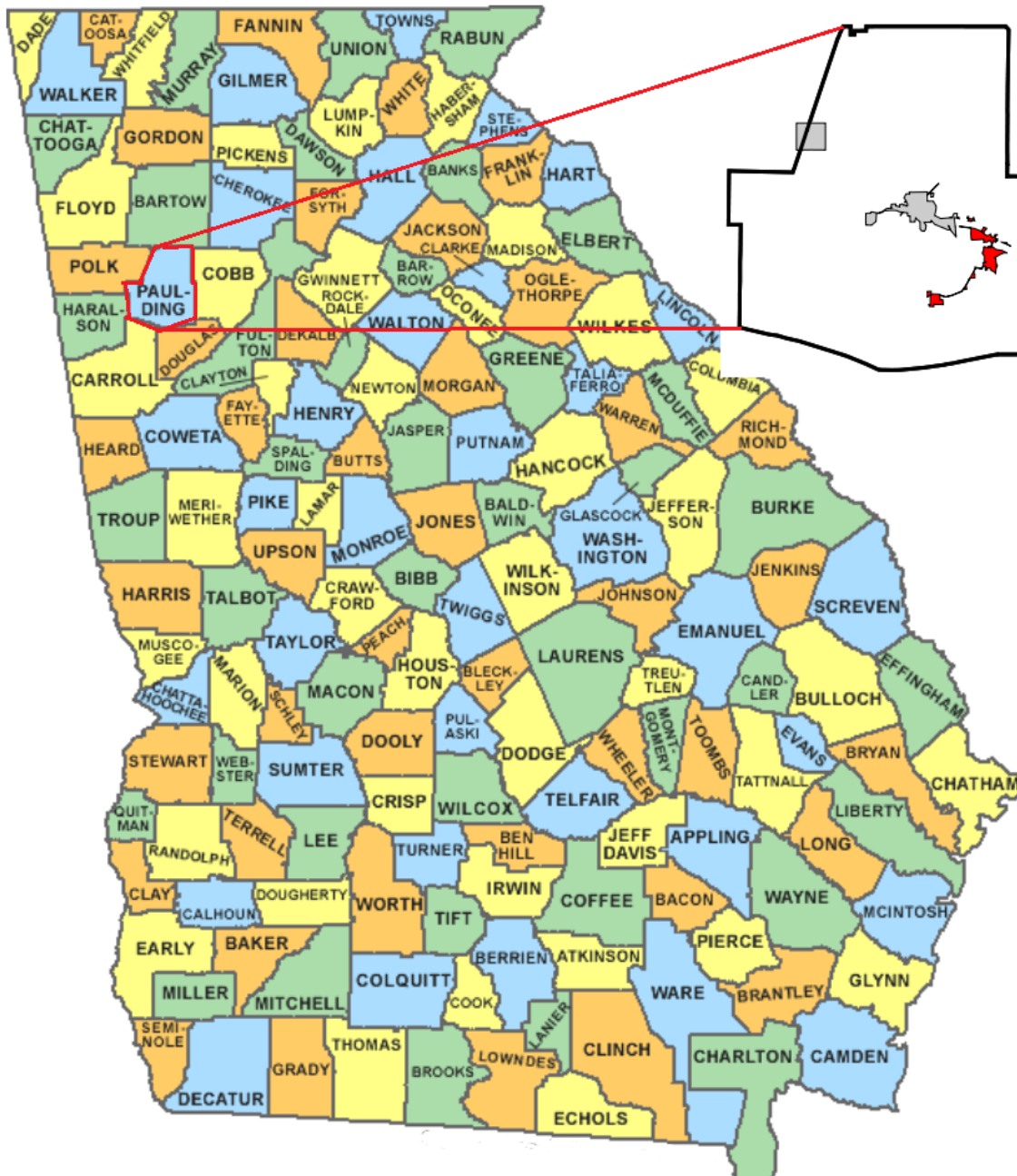


Treasurer/Personnel
Sheila Kendall



City of Hiram

MAP



The City of Hiram is located 23.5 miles from Atlanta bordering Cobb County to the east, 10.5 miles from I-20 and 27.3 miles from Hartsfield-Jackson Atlanta International Airport and is approximately 3 square miles located in Paulding County.

Mission Statement

To provide all citizens and visitors to Hiram with the highest quality of life through the delivery of fiscally responsible and value-driven services while fostering vibrant growth and preserving our heritage

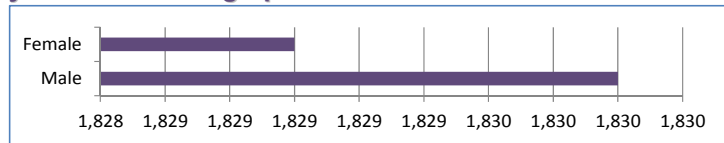


Community Profile & Demographics

Gender

Male
Female

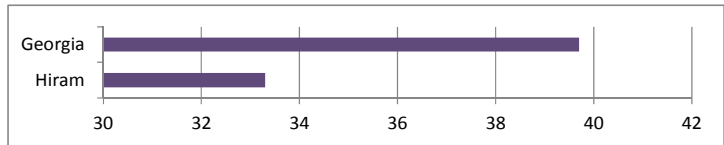
1,830
1,829



Median Resident Age

Hiram
Georgia

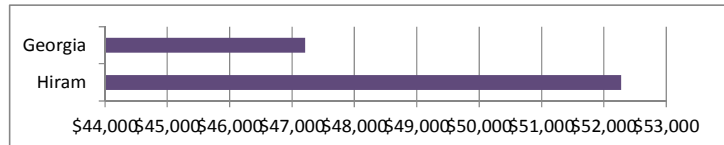
33.3
39.7



Median Household Income

Hiram
Georgia

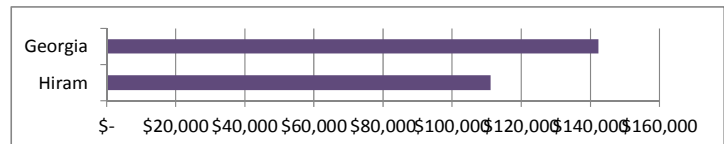
\$ 52,281
\$ 47,209



Median Property Value

Hiram
Georgia

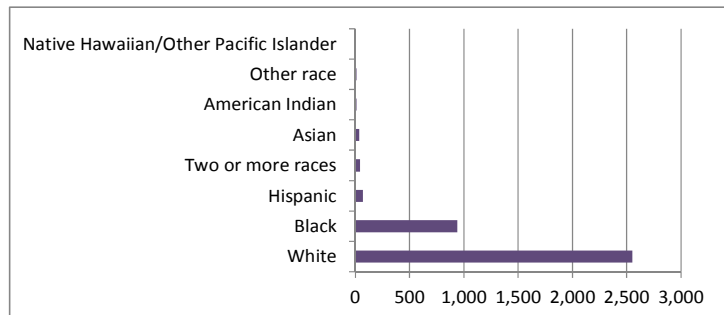
\$ 111,117
\$ 142,300



Racial Makeup

White
Black
Hispanic
Two or more races
Asian
American Indian
Other race
Native Hawaiian/Other Pacific Islander

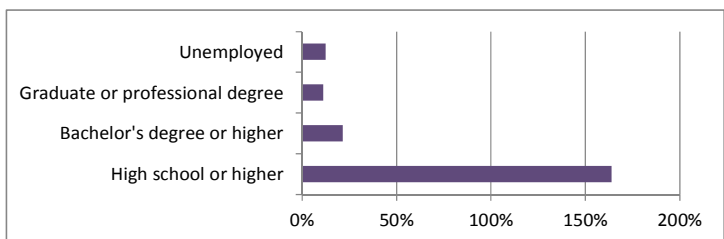
2,555
940
70
43
37
10
11
4



Education

High school or higher
Bachelor's degree or higher
Graduate or professional degree
Unemployed
Mean travel time to work (minutes)

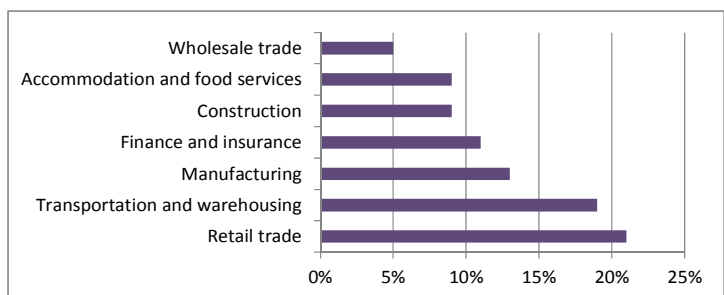
164%
22%
11%
13%
32.1



Most Common Industries

Retail trade
Transportation and warehousing
Manufacturing
Finance and insurance
Construction
Accommodation and food services
Wholesale trade

21%
19%
13%
11%
9%
9%
5%

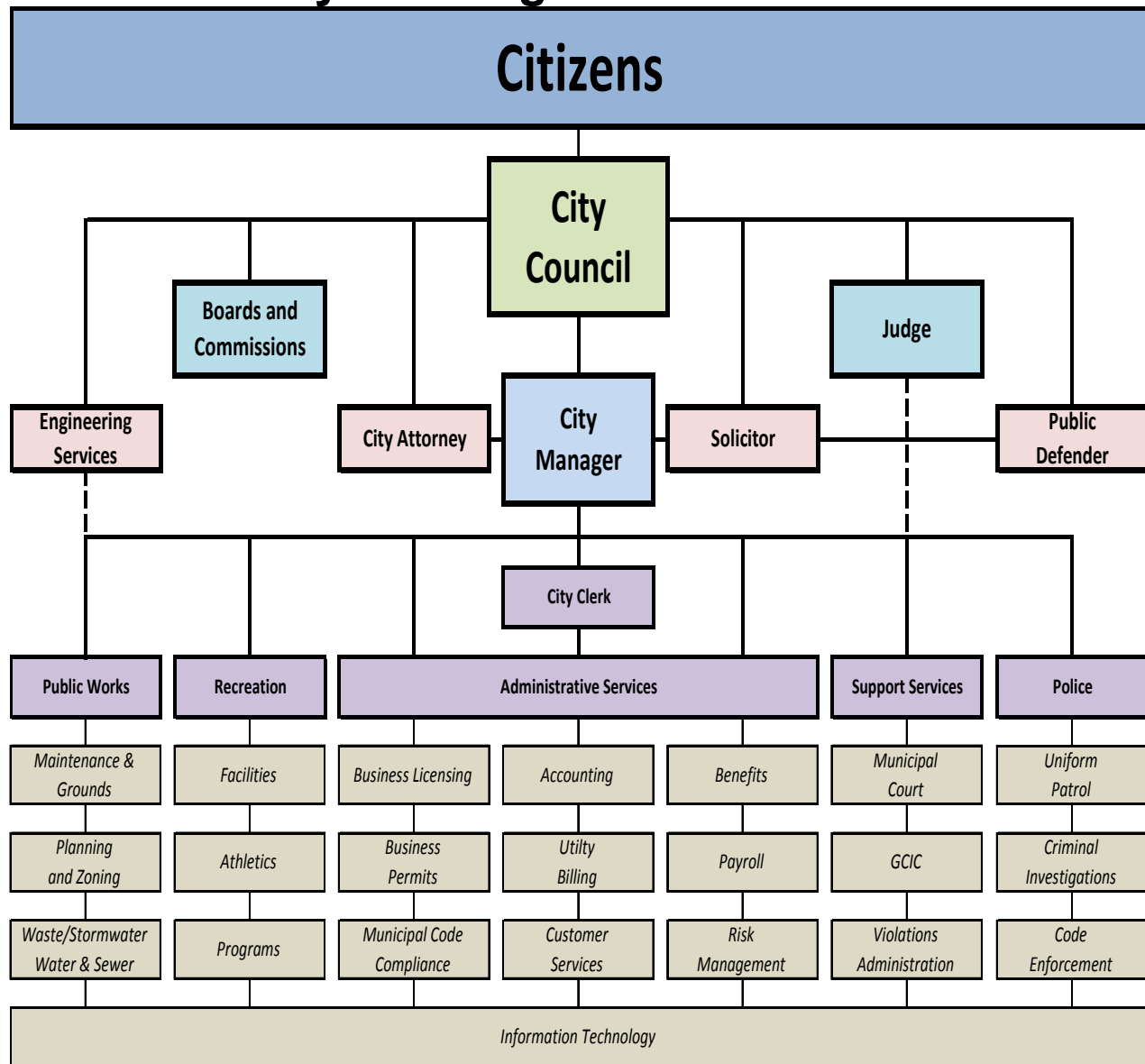


The Unemployment Rate for Hiram area is estimated at 5.9% (Source: US Bureau of Labor Statistics).





Citywide Organization Chart



Positions By Service Area	FY 2013	FY 2014	FY 2015	FY 2016
Legislative	6	6	6	6
Appointed Boards	2	1	3	3
Judicial	3	3	3	3
Administrative	4	5	7	7
Support Services	6	8	8	8
Police	19	16	16	19
Public Works	7	7	5	5
	47	46	48	51

Authorized Positions	FY 2013	FY 2014	FY 2015	FY 2016
Elected	6	6	6	6
Appointed	6	6	6	6
Regular F/T	32	29	31	32
Regular P/T	3	5	6	6
	47	46	49	50

The City of Hiram uses third party contractors for some services such as Information Technology, Recreation, Sanitation, Legal, Audit Environmental and Risk Management.



FY2016 Budget Calendar (July 1, 2015 - June 30, 2016)		
Due Date	Event/Task	Who is Responsible
March 6	FY2016 Budget Calendar Provided to Governing Body	City Manager
March 10	Budget preparation forms are completed and placed in digital folder for access by department heads	City Manager
March 13	Budget information for current year and for previous years is given to each department	City Manager, City Clerk and Treasurer
March 31	FY2016 Budget initiatives and anomalies discussed at City Council Work Session	City Manager
April 10	Budget narratives from Department Directors are returned	Management Team or Department Directors
April 10 – April 27	Analyze department request and hold conferences	City Manager, City Clerk and Treasurer
April 28	Preliminary Budget with Anticipated Expenditures and Projected Revenues Provided to City Council at Work Session	City Manager
April 28 – May 5	Assemble additional requests, compare with updated revenue estimates, and compile FY2016 Budget document	City Manager, City Clerk and Treasurer
May 5	Updated Budget discussed at Council Regular Session	City Manager, City Clerk and Treasurer
May 11	Proposed Budget is digitally submitted to governing body for further review	City Manager
May 16	Governing body holds Special All-Day Budget Work Session	Governing Body, City Manager and City Clerk
May 21	Advertise FY2016 Statement of Revenues and Expenditures and date of public hearings	City Clerk
June 2	Conduct 1 st Public Hearing - Proposed FY2016 Budget discussed by governing body for further consideration	Governing Body, City Manager and City Clerk
June 3 - June 23	Further review, analysis and revision	Governing Body, City Manager and City Clerk
June 11	Advertise FY2016 Statement of Revenues and Expenditures and date of 2 nd Public Hearing	City Clerk
June 23	Finalize revenue projections and expenditure anticipations	City Manager, City Clerk and Treasurer
June 23	Conduct 2 nd Public Hearing and final adoption of FY2016 Budget	Governing Body
July 1	Send copies to management team, governing body, and media	City Manager

Budget Transmittal Letter

City of Hiram
217 Main Street
Hiram, GA 30141

June 23, 2015

To the Honorable Mayor, City Council and Citizens of Hiram:

Your staff respectfully submits for your consideration the City of Hiram's proposed balanced budget for fiscal year 2016 (FY2016). An objective of the City's budget is to provide a management tool by which our local government can unite its budgeting efforts to provide quality services while operating within available resources. This process results in an updating of the City's on-going financial plan and provides a vehicle by which management decisions can be made as a result of the formulation and analysis of the respective data.



About Hiram



Established in 1891 as a sleepy, rural railroad town, the City of Hiram has progressed into the major commercial corridor for Paulding County, one of the fastest growing counties in the United States.

The City of Hiram was originally founded as Gray's Mill, Ga., named after one of the earliest settlers, Garrett Gray. He was the son of Isaac Gray, a Revolutionary War soldier from South Carolina born in 1750. Garrett was born on September 23, 1802 in South Carolina, where he was reared on the farm and educated in the common country school.

Garrett Gray married Jane Jenkins on January 1, 1828 in Franklin County, Ga. She was also born in South Carolina and was orphaned as a small child. Jane was reared by her brother, with whom she came to Georgia in 1825. Garrett and Jane lived in Franklin County where they successfully farmed until 1835, when they relocated to this area of Paulding County.

As well as being one of the first settlers, Mr. Gray made many contributions to the community that led to it being an incorporated city later on. He had a contract to deliver the first locomotive on the first Georgia railroad, and he also built the first cotton gin in the county in about 1836. He served in the 5th Congressional District of Georgia Legislature and was considered a prominent possible candidate for governor. He also was a private in Company D 1st Regiment Ga. Cavalry until 1862 when he was discharged for the reason of old age.

Perhaps the greatest contribution that Garrett Gray made to the local community was the building of Grays Mill as early as 1850. Located on the outskirts of what is now Hiram, approximately 100 yards above the present Highway 92, the site of the mill was a lovely picturesque place, complete with a dam with water pouring over it and a large mill wheel at one side. A favorite local spot for picnics and gatherings, the creek at the mill was also used for baptisms. For many years, the grist mill operated as a place where everybody from miles around brought their corn and wheat to be ground. Because of the mill's importance in the community as both an economic and social gathering place, the town in the beginning was named Gray's Mill, Ga.

Just a short drive northwest of Atlanta, Hiram blends the best of the past, present, and future. Hiram's downtown business district offers a more relaxed, nostalgic dining and shopping experience while only a moment away from an impressive and growing variety of modern conveniences, including shopping, dining, and entertainment.

From quaint, historic downtown shops to a wide array of nationally recognized retailers, convenience is all within a three-mile radius.

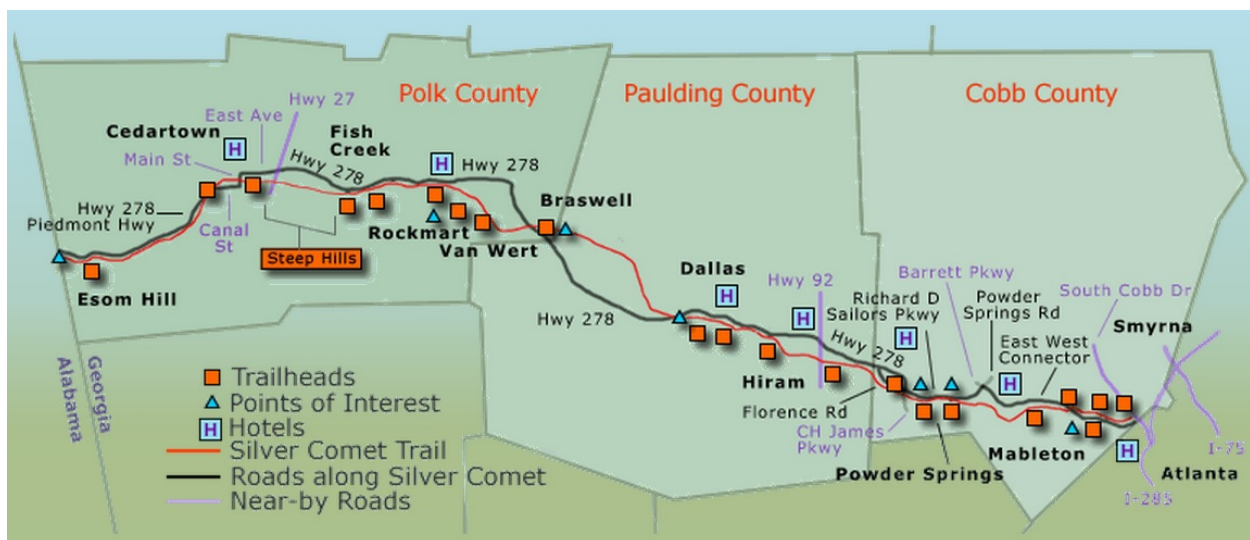


Hiram is also the proud home of the Historic Hiram Rosenwald School & Museum. In 1912, Julius Rosenwald, President of Sears, Roebuck, and Co., established the Rosenwald Fund to assist in community construction of public schools for African-American students in the South.

By the 1930s, 1 in every 5 rural southern schools for African-Americans had been constructed with aid from the Rosenwald Fund, a total of nearly 5,000 schools. The Georgia historical marker was erected by the Georgia Historical Society and the Hiram Rosenwald School Preservation Committee in 2007.

Community and Convenience

Nestled in the center of these unique areas are two exceptional parks and other recreational facilities. It is the perfect combination of community and convenience, where quality of life is more than just a cliché. The city is also home to one of Georgia's premier linear parks known as the Silver Comet Trail. This 61.5 miles long trail is located 13 miles northwest of Atlanta, Georgia. It's free of charge, and travels west through Cobb, Paulding, and Polk counties. This quiet, non-motorized, paved trail is for walkers, hikers, bicyclists, rollerbladers, horses, dog walkers, and is wheelchair accessible. The Seaboard trailhead access point in Hiram is located at mile marker 14.62 on the trail and is adjacent to Homer Leggett Park.



Entertainment

Entertainment choices for all ages abound in Hiram, including movie theaters, exciting night life, and live music. Hiram's crown jewel, Ben Hill Strickland Sr. Memorial Park, has recently been renovated to accommodate a 500-seat amphitheater. Concerts, festivals, fireworks, and other outdoor events are popular with residents and visitors alike!





Quality of life is second to none in Hiram. Bring your family and join us for a day, a weekend, or a lifetime! Hiram really does have it all.

Government Structure

The City of Hiram is governed by a Mayor and five Councilmembers. Elections are staggered and held every two years and are conducted by Paulding County Elections Division. A candidate must reside within the corporate city limits one year immediately prior to the date of an election to qualify to serve as Mayor or Councilmember. The Mayor and Councilmembers are elected to four year terms with the Mayor and three Councilmembers elected two years staggered from the two remaining members on Council. Typically, the Mayor and three Councilmembers are elected during the Presidential election cycle. The Mayor and Council are non-partisan and elected at large with the top vote receivers in each respective election achieving that office.

The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and appointing the city manager and city clerk. The city manager serves as the chief executive and administrative officer of the city and has full authority to execute the city's annual operating budget and capital budget. He is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for hiring the heads of various departments.

The City provides a full range of services including police, water, sanitation along with the construction and maintenance of highways, streets, and other infrastructure; recreational activities are outsourced to a non-profit association known as the Hiram Ruritan. The City partners with the Paulding County Chamber of Commerce for tourism and trade activities and has recently partnered with a newly formed downtown business association known as the Olde Town Hiram Business Association.

The City Council meets for their regular session on the first Tuesday of every month and holds work sessions the last Tuesday of each month preceding the regular sessions. The regular sessions begin at 6:30 pm and are held in the Community Center located at 219 Main Street and the work sessions begin at 6:00 pm and are held in the training room at City Hall located at 217 Main Street.

BUDGET PROCESS AND OVERVIEW

On or before a date fixed by the city council but not later than 90 days prior to the beginning of each fiscal year, the city manager shall submit to the city council a proposed operating budget for the ensuing fiscal year. The budget shall be accompanied by a message from the city manager containing a statement of the general fiscal policies of the city, the important features of the budget, explanations of major changes recommended for the next fiscal year, a general summary of the budget, and such other pertinent comments and information. The operating budget and the capital budget, the budget message, and all supporting documents are filed in the office of the city clerk and open to public inspection.

While the sources of revenues and expenditure categories are similar to FY2015 in which a baseline was established, there are some areas that we would like to highlight that have strengthened our economic position going forward. Currently, each department has formulated budgets in three major areas; maintenance & operating, operating initiatives, and capital project requests.

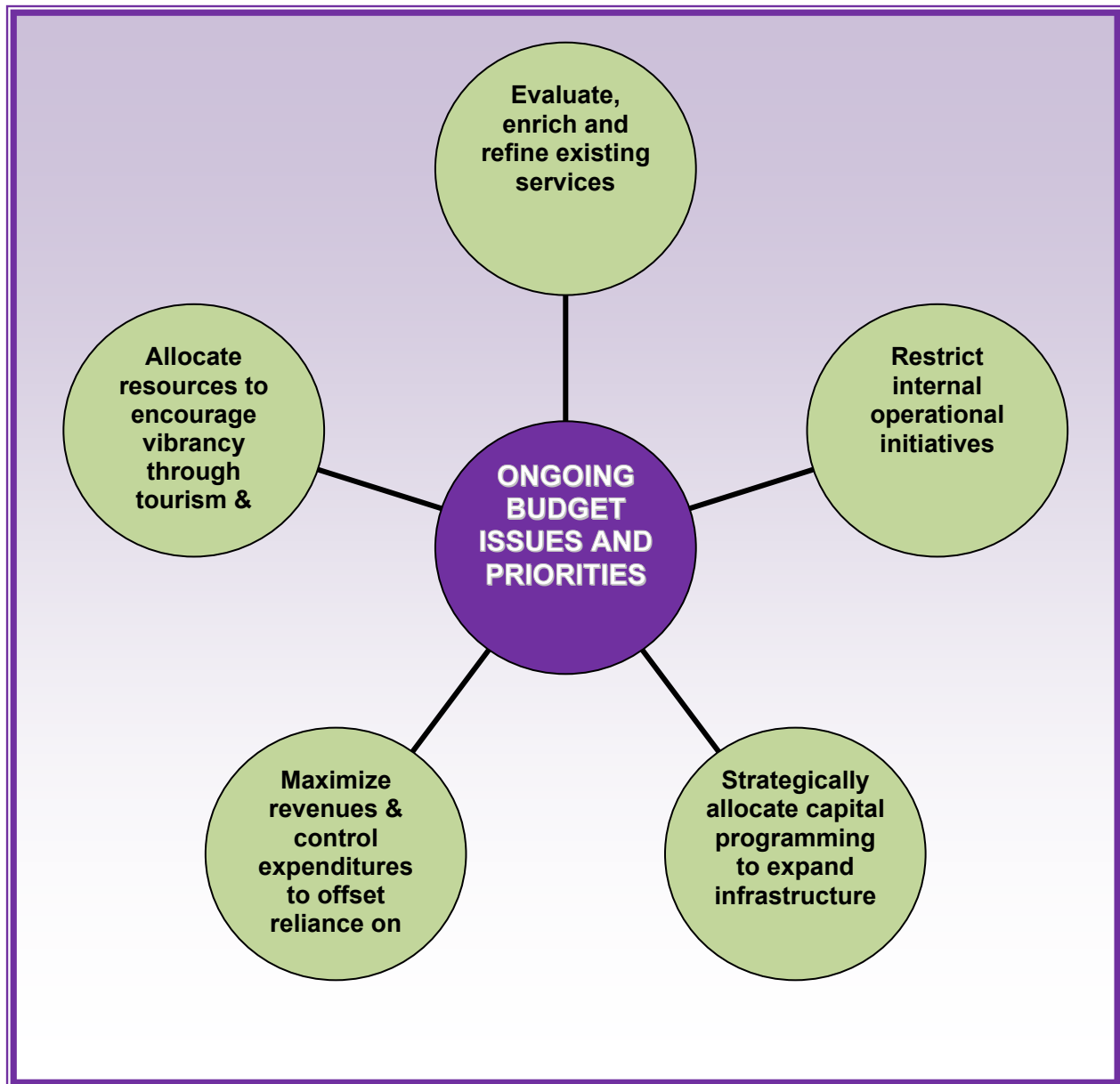
The FY2015 Budget was approved and adopted on June 26th, 2014. We were once again successful in initiating the planning process earlier in the year and had a budget calendar in place which allowed us to have the FY2016 Budget before the Mayor and Council well in advance of the July 1 fiscal year start date. To that end, we held additional City Council meetings to allow a more participative and transparent process. These additional public meetings also made it more advantageous for public input.

Each department director met with the city manager to review their budget requests. Each request was evaluated by the city manager according to the priority specified by the department director and available

funding. Consideration was also given to the strategies identified over the last few months by the current governing body. Updated drafts of the Budget were provided to the Mayor and Council during the months of May and June. The budget was discussed in detail during a special-called work session held on Saturday, May 16th, 2015.

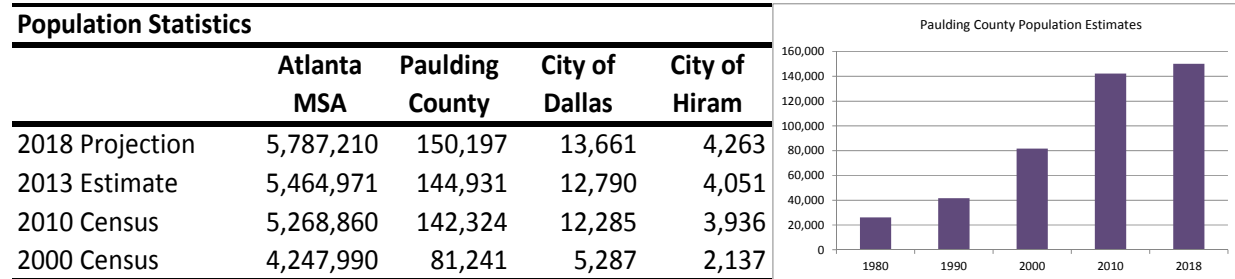
A first public hearing where citizen input was encouraged was held on June 2nd in the City Council Chambers. The budget was revised with updated information over the following days and the final draft was presented during a second public hearing on Tuesday, June 23th, 2015. The final FY2016 Budget document was adopted by the Mayor and Council on June 23rd upon the closing of the second and final public hearing.

The foundation for the FY2016 budget is based on five key financial factors:



Evaluate, enrich and refine existing service

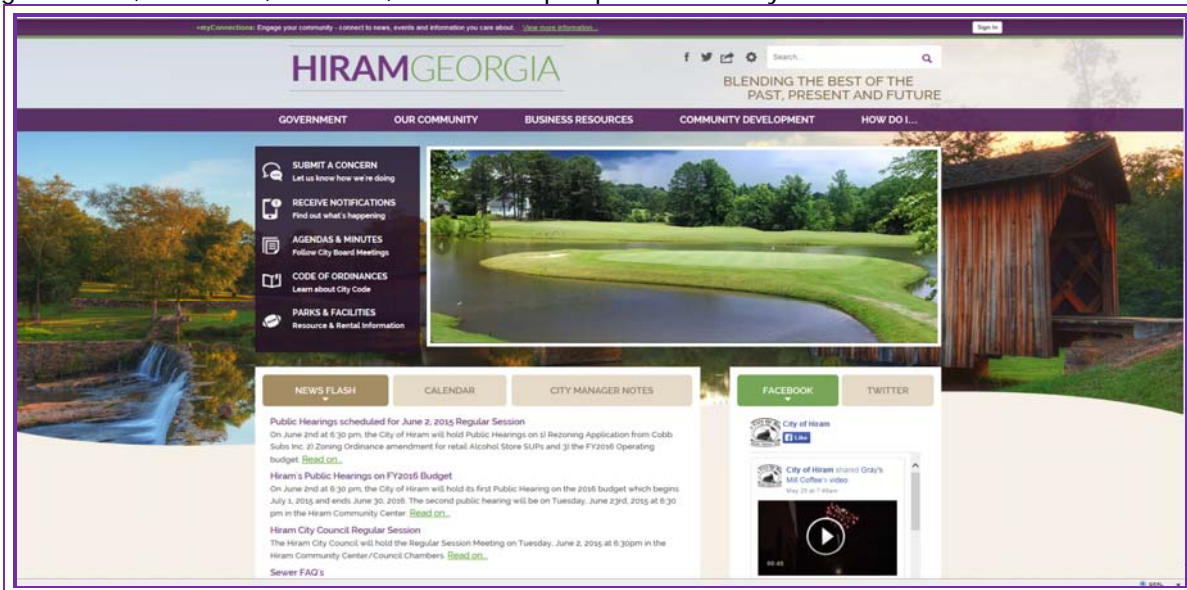
While the City of Hiram is known as a bedroom community with a small population of approximately 3,936 (Source: 2010 Census) residents, the City has a large and growing commercial base with over 560 businesses that places a high demand on city service such as police and public works.



The City has seen a reduction in force over the last three years from 18 officers and one part-time to 15 officers and two part-time, one being strictly for code enforcement. However, the calls for service have only increased especially with the edition of a new eight-floor, 295,000-square foot hospital with 56 beds and the ability to expand to 112 beds.

Last fiscal year, the City refined how police services are delivered by implementing Section 7(k) of the Fair Labor Standards Act (FLSA). This act provides a partial overtime pay exemption for public employees in law enforcement activities. Under section 7(k), when a public employer establishes a work period between 7 and 28 consecutive days, overtime compensation is not required until the employee satisfies the maximum hours standard under the regulations. Refining this service allowed the police department to cut its overtime by 55%. The rate of pay for officers was increased to ensure that annual salary would not be impacted since their annual hours decreased to 2,080. As such, officers are making the same annual salary prior to this initiative while working less and having more time to rest and remain even more alert and vigilant while on patrol.

Another way Hiram has refined its service delivery is by updating the City's website. Many of us today conduct all our research and gather information we are seeking from the internet. So it stands to reason that our municipal operations have a presence in cyberspace that is beneficial to all. We want to make sure that timely and pertinent information is available and accessible for residents, local businesses, civic organizations, educators, churches, visitors and prospective industry leaders.



Restrict internal operational initiatives

One of the areas that the governing body chose to reduce, restrict and suspend was the expenditures associated with professional development such as conferences and the accompanying registration fees, travel including accommodations and mileage and per diem. These expenditures were suspended for all departments and personnel unless it can be shown that the professional development is required as part of a certification or credential held by the employee. While this is a fiscal year initiative to help reach a balanced budget, consideration to allocate funds at mid-year for professional development will be sought.

Allocate resources to encourage vibrancy through tourism and trade opportunities

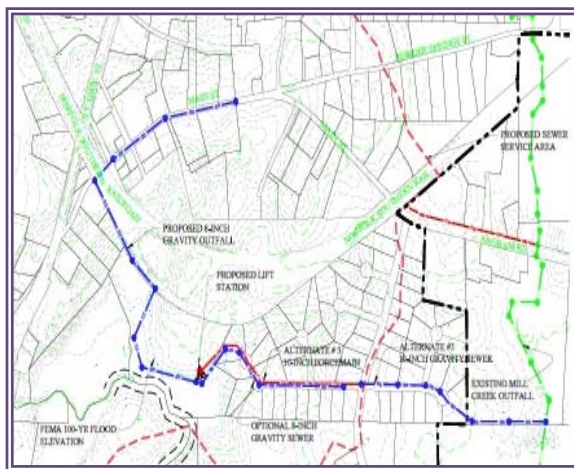
Last fiscal year, Hiram was named an award recipient for the Livable Centers Initiative (LCI) Grant. This is a federally funded planning grant administered through the Atlanta Regional Commission (ARC). Hiram's award of \$75,000, with a 20% (\$15,000) match from the City, is designated for a City Center plan centered on the historic downtown area. The intent was to seek community involvement and develop a plan that will revitalize and redevelop the immediate downtown and create a mixed-use development. That plan has been completed and will come before the City Council for adoption this fiscal year.

Olde Town Hiram Business Association



Continuing in the effort to encourage vibrancy through tourism and trade, several downtown business owners banded together and created a downtown business association known as the Olde Town Hiram Business Association, LLC. Their immediate goals are to present community events, such as concerts, craft fairs and markets, both in our downtown area and at Ben Hill Strickland Park. Their mission is to promote economic development & tourism, protect & preserve history, and encourage a strong sense of community throughout the City of Hiram. In support of the Olde Town Hiram Business Association, the

City Council provided some "seed" money in the amount of \$20,000 from the Hotel and Motel Tax Fund last fiscal year. There was discussion last year about increasing the allocation of funding if OTHBA was able to achieve a 501(c)6 status through the United States Internal Revenue which would make them eligible for a percentage of the Hotel/Motel taxes collected. By law, the City has to provide 40% of these collections to an entity that is a 501(c)6 that has as its primary mission to enhance trade, tourism and conventions and increase overnight stays in local hotel and motel rooms. Until now, the only entity eligible was the Paulding County Chamber of Commerce. OTHBA did receive this non-profit status, and the City Council voted last fiscal year to split the 40% to these two organizations with 28% being allocated to OTHBA and 12% being allocated to the Paulding County Chamber of Commerce.



Strategically allocate capital programming to expand infrastructure

In conjunction with the aforementioned initiative encouraging vibrancy through tourism and trade, the City Council specifically allocated approximately \$1.3M from the reserves for a Capital Improvement Program (CIP) last fiscal year. This CIP is being utilized to fund sewer infrastructure and sidewalks in the immediate downtown area. The sewer project, which will consist of a lift station, force-main and gravity service line, will provide the much needed sewer access and capacity to existing business that are currently operating with a large capacity field septic system and optimize the utilization of other vacant downtown buildings that are in need of this infrastructure to be leased/purchased.



This project was bid and awarded last fiscal year and construction is underway with a completion time of November 2015. Because the service area was expanded and milling and paving was included as part of the project, the award was \$2.3M instead of \$1.3M. Concurrently, the City has awarded a streetscape and water line project that is a continuation of capital improvements on Main Street and in the historic downtown Hiram area. The streetscape will include sidewalks and decorative lighting and connect to the recently

completed streetscape north of town. This new streetscape will complete the connectivity to the Silver Comet Trail as described earlier and provide pedestrians with uninterrupted, safe transit to and from the Silver Comet Trail and downtown Hiram.

Maximize revenues and control expenditures to offset the reliance on cash reserves

Controlling expenditures is a day-to-day operational philosophy by all employees. From reducing overtime by fifty percent to managing the inmate population to reduce the housing fees, no rock is left unturned. The latter, inmate housing, is continually funded at a lower level due to the daily monitoring of inmates who are housed in a county detention facility. The staff reviews the daily reports to ensure inmates who are eligible get released to avoid the additional housing fees. A combination of capturing fees and strategically managing expenditures has allowed the City to reduce its reliance on the reserves. But the reliance will remain a reality until some serious consideration is given to the capturing of traditional sources of revenue such as property taxes and/or a gross receipt collections system for business licensing.

The City has been in a position for several years to rely on its reserves to balance the budget. Contrary to what some who are unfair with municipal finance, this does not equate to a deficit. This is a revenue shortfall due to the lack of one of the primary sources of revenue local governments rely on to fund operations and services – property taxes. The City has been using its reserves that have been accumulated over the years to fill that revenue gap. This was not as much of an issue a few years ago when this practice was done because the interest on the reserves would resolve the shortfall. Over the last four years, however, the principal on the reserves has been required and will continue to be required unless another consistent, reliable and impactful source of revenue is considered. Staff is gathering data and initiating the process to present the option of gross receipts to the governing body for consideration.

Sustainability of Existing Services and Enhancements through Operating Initiatives

The City of Hiram's budget provides a detailed fiscal operating plan that identifies estimated revenues and expenditures. This balanced budget reflects each department's priorities and represents a process through which policy decisions are made, implemented and controlled. Funding for our City is derived from several main sources – 1) Taxes: motor vehicle, franchise, business and occupational, insurance premium, 2) Permits, 3) Municipal Court Fines. The City of Hiram's revenue/expenditure budget for the 2016 fiscal year is \$ 7,723,590; a 19% increase from last year at \$6,191,990. This is a result of accrued SPLOST funds that are allocated to current and imminent capital projects. The FY2016 General Fund balanced budget of \$3,449,553 which is \$14,691 less than the amended FY2014 budget of \$3,464,244. Further, FY2016 is \$46,711 less than FY2014 of \$3,496,264. What is remarkable about this year's budget is that it is less than previous years while adding two police officer positions that have been frozen which come with a price tag of approximately \$100,000 for salaries and benefits

This year's budget is based on a compilation of revenue streams which does not include any property taxes. While the millage rate will be set upon receipt of the certified Tax Digest from Paulding County Tax

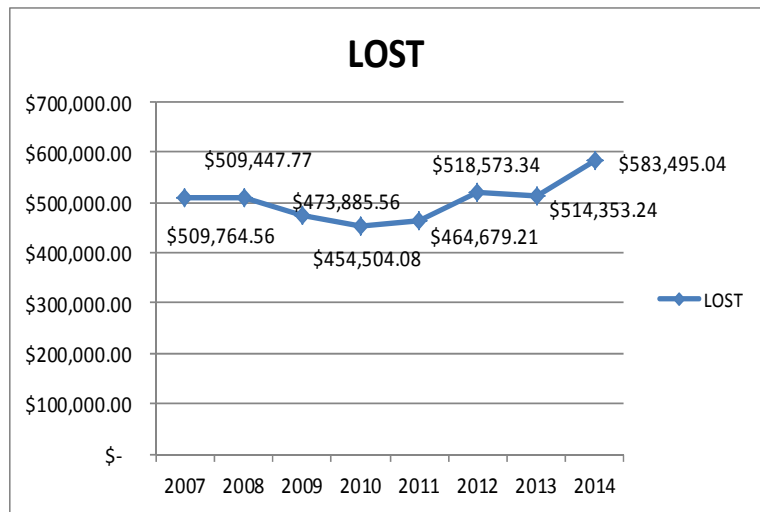
Assessor's Office, is estimated to be computed to be 2.525 compared to the 2.339 for FY2015. This is a .186 mil increase due to the increase in the digest. The City has made a practice of rolling back the millage rate to eliminate property taxes. This balanced budget provides resources for the City of Hiram to sustain the current levels of service and includes areas of improved service via operating initiatives. The City of Hiram will realize a balanced budget by ensuring the recommended expenditures meet and do not exceed the projected revenues for FY2016.

Current Economic Conditions

From 2009 to 2013, the tax digest for Paulding County, specifically Hiram, declined. This occurred around the County due to the Great Recession. The gross digest actually increased in 2014 and reflected the highest amount in years. The gross digest for 2015 of \$234,038,375 is almost identical to the 2014 Digest which was \$234,028,092. Even though the gross digest which includes real and personal property, motor vehicles, and mobile homes is on the rise, the City of Hiram does not benefit financially from property taxes. Our annual operating budget relies on other sources of revenue as will be illustrated in the Budget Summary section of this document. One of the areas impacted by the economic conditions and is used to help fund operations is the Local Option Sales Tax (LOST).

One of the largest sources of revenue that the City collects and can use for general operations is the Local Option Sales Tax (L.O.S.T.). A local option sales tax is often used as a means of raising funds for specific local or area projects, such as improving area streets and roads, or refurbishing a community's downtown area.

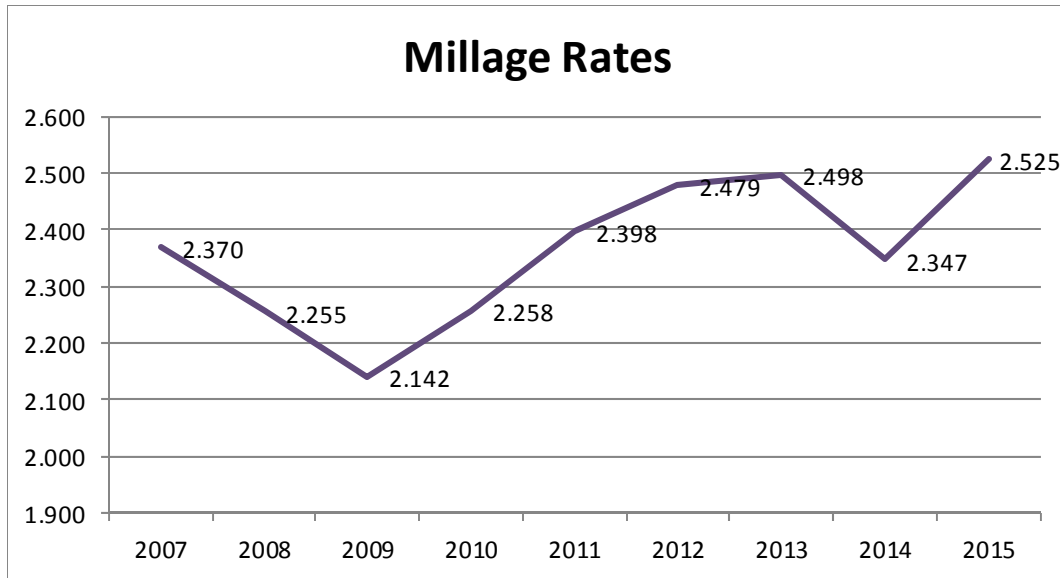
The City negotiated its share of LOST in 2012 with the new collections going into effect January 1, 2013. Since the City of Hiram is not the County seat, the ability to negotiate had its share of challenges. The City joined efforts with the City of Dallas, the County seat for Paulding, and secured a consultant. While Hiram did not get the increase it sought, the City did receive an increase from 3.4% to 4.0%. Cities that chose to decline a negotiated rate were left to endure what has become known as baseball arbitration. The resulting effects of those who chose that judicial route was a status quo. In other words, their rates did not go up or down.



The City of Hiram receives 4% of a 1% sales tax under the current L.O.S.T. negotiation. For FY2016, this 4% equates to a budgeted \$570,000. Because these dollars are based on sales, we take a conservative posture. This amount is a 1% increase over FY2015 which was amended to be \$560,000. Predicting sales and trends in buying habits can be challenging. We feel confident that economic conditions are improving as can be seen with the higher assessments and a business climate that is showing signs of improving. But we are remaining cautiously optimistic with the projections of related revenues.

Cost of Government

The City of Hiram has historically acknowledged the need to provide municipal services without imposing a millage rate on property within the incorporated limits. The below table illustrates what the millage rate has been calculated to be over the last six years:



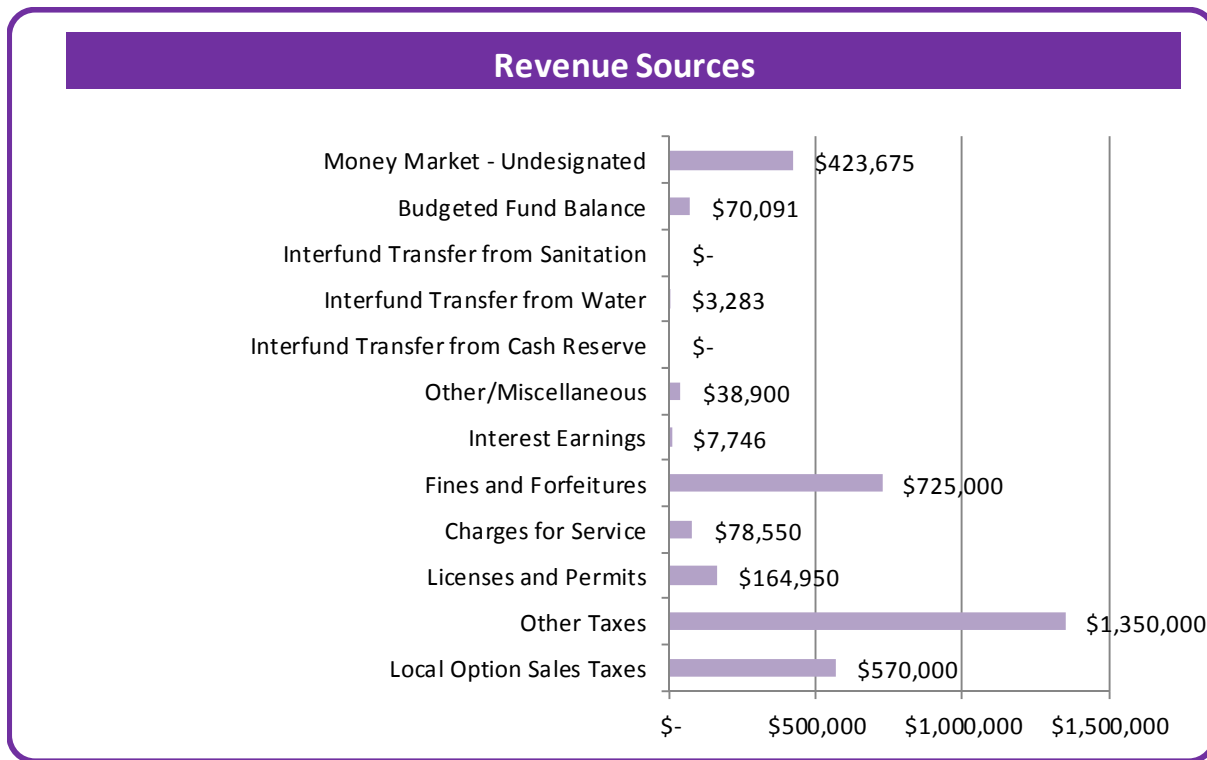
This millage rate is anticipated to be rolled back to zero and no millage will be levied.

Fiscal Year	Net M&O Digest	(+/-)	Operations	(+/-)
2007	\$ 215,094,504		2.37	
2008	\$ 225,911,903	\$ 10,817,399	2.26	-0.11
2009	\$ 221,230,049	\$ (4,681,854)	2.14	-0.12
2010	\$ 201,286,118	\$ (19,943,931)	2.26	0.12
2011	\$ 193,792,237	\$ (7,493,881)	2.4	0.14
2012	\$ 190,462,958	\$ (3,329,279)	2.479	0.079
2013	\$ 195,843,651	\$ 5,380,693	2.498	0.019
2014	\$ 234,028,092	\$ 38,184,441	2.339	-0.159
2015	\$ 233,798,055	\$ (230,037)	2.525	0.186

Based on the Net M&O Digest, the City could expect to receive approximately \$590,340 in ad valorem property tax revenue (without exemptions) with a millage rate of 2.525. Without having the collection of property taxes as a source of revenue, the City of Hiram must rely upon other sources of revenue to sustain services. In appropriating the resources to sustain existing services, the City used an amalgamation of other taxes, fees, and reserves. The following table includes the proposed projected revenue sources for the General Fund:

Revenue Source	FY2013		FY2014		FY2015		FY2016	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Local Option Sales Taxes	\$ 475,000	14.08%	\$ 653,845	18.55%	\$ 560,000	16.21%	\$ 570,000	16.61%
Other Taxes	1,037,662	30.75%	1,143,281	32.43%	1,279,500	37.04%	1,350,000	39.33%
Licenses and Permits	160,000	4.74%	163,000	4.62%	158,000	4.57%	164,950	4.81%
Charges for Service	36,500	1.08%	61,100	1.73%	79,250	2.29%	78,550	2.29%
Fines and Forfeitures	835,000	24.75%	890,750	25.27%	970,000	28.08%	725,000	21.12%
Interest Earnings	30,000	0.89%	25,000	0.71%	8,000	0.23%	7,746	0.23%
Other/Miscellaneous	16,000	0.47%	32,000	0.91%	31,578	0.91%	38,900	1.13%
Interfund Transfer from Cash Reserve	250,000	7.41%	-	0.00%	-	0.00%	-	0.00%
Interfund Transfer from Water	161,616	4.79%	-	0.00%	35,175	1.02%	3,283	0.10%
Interfund Transfer from Sanitation	0	0.00%	18,657	0.53%	26,708	0.77%	-	0.00%
Budgeted Fund Balance	25,613	0.76%	185,744	5.27%	54,056	1.56%	70,091	2.04%
Money Market - Undesignated	351,982	10.43%	351,982	9.98%	252,496	7.31%	423,675	12.34%
Total Revenues	\$ 3,374,373	100.00%	\$ 3,525,359	100.00%	\$ 3,454,763	100.00%	\$ 3,432,195	100.00%

“Other Taxes” includes Title Ad Valorem Tax, Franchise Tax, Occupation Tax, Financial Institution Tax, Insurance Premium Tax, Excise Tax by Alcoholic Drink, Beer and Wine Tax and Liquor Tax Distribution.



PLANNING PROCESS

The City's Fiscal year runs from July 1 through June 30. This document is prepared for the year beginning July 1, 2015 through June 30, 2016. The City's annual budget process provides a financial plan for the upcoming year. Throughout this process, future year projections are reviewed to proactively adjust trends which create the ability to actively manage future year appropriations. Planning processes from other functions including Council retreats, departmental goal setting, and operating plans are incorporated into the budget process, where applicable. Although important, these plans are used as guidelines to reach goals. Funds are not appropriated as a result of the study/plans. Rather, the plans are used as a vision where appropriations can be directed.

BUDGET POLICY

Annual budgets are adopted on a basis consistent with accounting practices as defined by generally accepted accounting principles for all funds. Budget policy guides this process. Budget policies also direct the City's financial health and stability. This policy applies to all budgeted funds, which are the responsibility, and under the management of, the City of Hiram and the City Manager. All annual appropriations lapse at year end except capital project and grant funds, which adopt project-length budgets. Georgia law (O.C.G.A. 36-81-2 et seq.) provides the budget requirements for Georgia local governments and is available in the Appendix of this document.

FUND BALANCE/RETAINED EARNINGS

During the review of funds available for appropriations for the FY2015 Budget, the city manager's office and finance department took a conservative approach in relation to the current financial condition of the

City of Hiram. As a budgetary practice, the use of budgeted fund balance should be for non-operating appropriations only. The FY2016 budget will reflect this practice.

The FY2016 Budget will reflect an unreserved/undesignated/unaudited fund balance of \$70,091. This is a cautiously optimistic increase of 43% increase the amended FY2015 Budget of \$39,441. Although this fund balance represents our spending power, it is recommended that the City seek additional sources of revenue to ensure this fund balance remain designated as the emergency account. This City should seek to increase the emergency account to 17% of the budgeted General Fund.

CASH RESERVES:

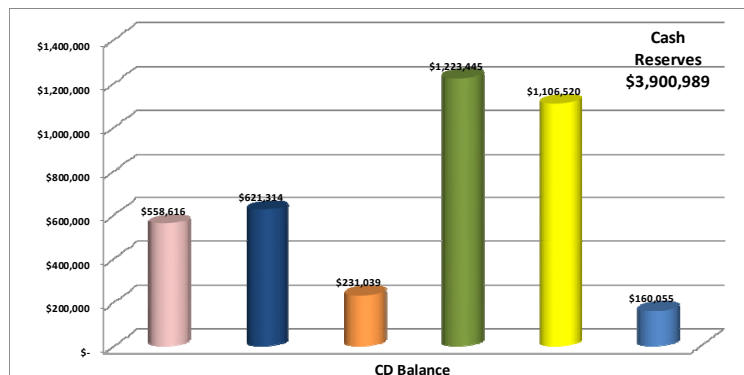
GFOA recommends that governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund. Such a guideline should be set by the appropriate policy body and should provide both a temporal framework and specific plans for increasing or decreasing the level of unrestricted fund balance, if it is inconsistent with that policy.

The adequacy of unrestricted fund balance in the general fund should be assessed based upon a Hiram's own specific circumstances. Nevertheless, GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. The choice of revenues or expenditures as a basis of comparison may be dictated by what is more predictable in our particular circumstances. Furthermore, Hiram's particular situation often may require a level of unrestricted fund balance in the general fund significantly in excess of this recommended minimum level. In any case, such measures should be applied within the context of long-term forecasting, thereby avoiding the risk of placing too much emphasis upon the level of unrestricted fund balance in the general fund at any one time.

For FY2013, the City maintained ten Certificates of Deposit totaling \$6,616,551.57 and two Certificates of Deposit in the Water Fund totaling \$326,320.87. For the FY2014 Budget, the City maintained ten Certificates of Deposit totaling \$6,656,525 and one Water Fund Certificate of Deposit in the amount of \$125,174.70 for a total of \$6,781,699.59. This was an increase of \$125,174.59 (1.88%) over FY2013.

During FY2014, the City Council chose to not reinvest \$1,313,199 an instead use that to initiate a Capital Improvement Program (CIP) specifically designated for a downtown sewer and sidewalk infrastructure. The Council also used a portion of this CD to partially fund the Paulding County Economic Development Organization at \$25,000 and cover the cost of some unanticipated bank fees at \$6,000. This leaves \$1,282,199 in the CIP for downtown infrastructure.

For FY2016, the City will maintain the remaining nine (7) CD's four (6) of which will mature during the FY2016 fiscal year. One of the CD's in the amount of \$397,459 is being cashed upon maturity on July 16th, 2016 and placed into a money market account in order to balance the FY2016 Budget. The Council makes a decision on reinvesting or applying these funds to other areas at the time of maturity.



REVENUE ANTICIPATION

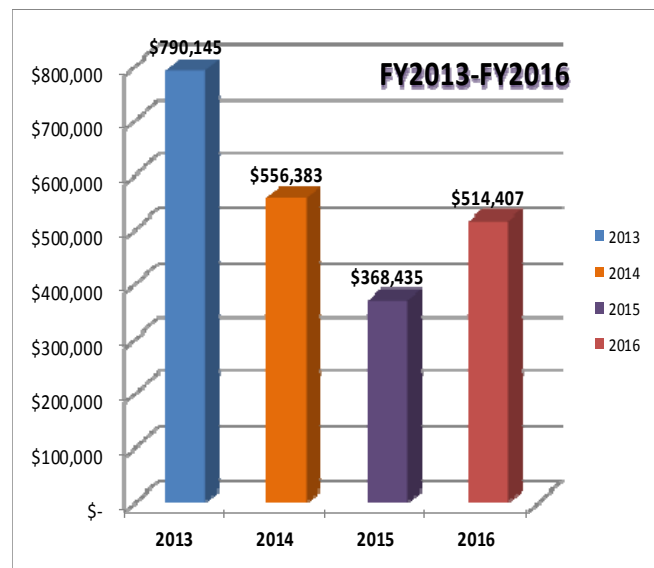
With the City not having property taxes as its primary source of revenue, it relies on diversified revenue sources in order to prevent unsustainable loss due to unforeseen event(s). In the past as well as this fiscal year, the City has appropriated cash reserves in order to meet the service demands. During FY2013, \$601,982.46 was redeemed from a Certificate of Deposit (CD). A portion of those funds,



\$351,982.46, was included in the budget process as undesignated. Under the leadership of the Mayor and Council and fiscal responsibility on the part of all the City staff, this \$351,981.46 was not utilized during FY2014. These funds, however, remained in an interest bearing Money Market account and were authorized for release for FY2014. The remaining balance of \$250,000 was allocated and made available for use by the General Fund. Additionally, a Water Fund CD in the amount of \$201,615.78 which matured November 18th, 2012 was redeemed to address the budgetary needs of City operations which include the subsidy of the Water Fund.

During FY2014, \$99,486 of the \$351,982 used to balance the deficit in the General Fund was used for Maintenance and Operations. This left a balance of \$252,496 to be applied to the FY2015 "Other Financing Sources" to help meet the FY2015 operational expenditures. "Other Financing Sources" also include an Interfund transfer from the Water Department in the amount of \$35,175 and Solid Waste Fund in the amount of \$26,708. The combination of those financing sources and the Fund Balance carried forward from FY2014 was to \$368,435 which was used to adopt a balanced budget in accordance with O.C.G.A. 36-81-6(a).

As FY2015 progressed, revenues were not being generated as projected. This was primarily due to the significant reduction in fines collected through the Municipal Court. This can be attributed to the reduction in work force within the police department that caused uniformed officers to spend more time on calls for service as opposed to proactive traffic enforcement. With this reduction in revenues, the General Fund required a transfer at mid-year using a budget amendment of \$50,000. An additional transfer of \$10,000 from the same Money Market account was used by the governing body as a charitable donation. This reduced the Money Market account of \$192,635. The graph to the right illustrates an increase in "Other Financing Sources" of \$514,407 up 31% from \$353,820 last fiscal year.



CLOSING

On behalf of the professional and credentialed staff, it is my pleasure to submit the FY2016 Budget to Hiram's Mayor, City Council and Citizens. This budget illustrates the City's dedication to providing an exemplary level of services while maintaining sound fiscal practices and procedures. We would like to thank all of the contributors for their diligent efforts in developing a budget that addresses the major policy goals of the City Council, while protecting the financial health of the City now and in the future.

We extend our additional thanks and gratitude to our elected officials for their involvement in the budgetary process, despite the many demands on their time and interests. If in your review of this document you have any questions, please do not hesitate to contact us.

Respectfully Submitted,

Robert T. Rokovitz
City Manager